



## Freddie Mac Revolving Credit Facility

Freddie Mac offers a revolving credit facility that gives qualified multifamily borrowers fast, flexible, and affordable access to short-term and long-term credit. The size and credit quality of the multifamily properties securing the credit facility determine the borrowing capacity.

Freddie Mac can tailor the facility to fit borrowers' unique needs. Floating-rate loans can be drawn under the facility in a variety of maturities or borrowing tranches that match the specific needs of the borrower. At the maturity of each borrowing tranche, borrowers may ask to extend the advance, alter the term and/or advance amount, or pay off the advance. Plus, the facility gives the borrower the ability to move properties into and out of the mortgage pool securing the facility, which provides the borrower with broad asset and liability management capacity.

### Index

Borrowings use a floating-rate index that is based on Freddie Mac's Reference Bills® securities. Reference Bills securities are short-term debt issued by the corporation in 1-, 3-, 6- and 12-month maturities. They are unsecured corporate obligations and supplement the corporation's existing discount note program. Freddie Mac is one of the world's largest nongovernment issuers of short-term debt, resulting in a stable, liquid market. A borrower that chooses our Reference Bills securities-based revolving credit facility can be assured that they will receive one of the lowest short-term rates available in the nongovernment market.

### **Eligible Borrowers**

This product is most appealing to public and private REITs, funds, and other active, creditworthy borrowing entities are also eligible.

### **Eligible Properties**

Quality multifamily garden, mid-rise, high-rise properties and mixed-use properties with substantial multifamily income

### **Eligible Seller/Service**

Program Plus® Seller/Service

### **Transaction Size**

Minimum facility size is \$100 million

### **Facility Expansions**

Permitted, based on Freddie Mac review subject to spot pricing on the expansion

### **Borrowings**

Borrowings are limited by loan-to-value (LTV) and debt coverage ratio (DCR) requirements at a total facility level.

LTV: Can be structured with an aggregate facility maximum determined based on the deal and the borrower

DCR: Minimum stressed debt coverage determined based on the deal and the borrower

## **LTV and DCR Testing**

Freddie Mac will test and confirm the facility's net operating income (NOI), LTV, and DCR on an annual basis, upon the addition or release of collateral and any change in outstanding balance and any interest rate adjustment. The aggregate LTV and DCR must be maintained.

## **Amortization**

None required

## **Interest Rates**

- Reference Bills securities-based, in maturities of 1-, 3- and 6-months, plus required Freddie Mac and servicing spread. For an additional fee, 12-month maturities are also available.
- Short-term fixed-rate options are also available.

## **Mortgage Payments**

Mortgage payments will be calculated based on an actual/360 basis. Monthly payments are made in arrears.

## **Conversion to Fixed**

Floating-rate borrowings may be converted to fixed-rate with a Freddie Mac Streamlined Refinance.

## **Maximum Term**

5 or 7 years for floating-rate, with an optional repricing every three years

## **Minimum Draw**

The minimum amount per draw is \$5 million.

## **Minimum Usage**

The borrower will be required to maintain a minimum use of the line each year for the life of the facility. The minimum usage must not fall below 25% of the approved, total facility size for any one year.

## **Adding or Withdrawing Properties From the Facility**

Properties may be added to the facility at any time during the term of the facility by providing standard underwriting materials and applicable fees. Properties may also be released from the facility so long as the LTV and DCR requirements of the facility are met by the remaining properties and applicable fees paid.

## **Interest Rate Caps**

Not required

## **Geographic Concentration**

Dependent on transaction needs

## **Credit Enhancement**

All loans will be fully secured and fully cross-defaulted and cross-collateralized. The facility can be structured with or without borrower recourse, but will include Freddie Mac's standard exceptions to nonrecourse carve-outs.

## **Assumption**

Not permitted

## **Subordinate and Secondary Financing**

Not permitted; however, additional borrowings supported by the collateral in the facility is allowed with NOI and value appreciation as assessed by Freddie Mac annually.

### **Third-Party Reports**

Required on all properties

### **Escrows**

Replacement reserves, repair, tax and insurance escrows may be required.

### **Fees**

The facility carries the following fees, all of which are based on the unique characteristics of each transaction, as well as the results of Freddie Mac's due diligence:

- Transaction Fee
- Mortgage Review Fee
- Unused Facility Fee
- Minimum Usage Fee
- Early Termination Fee
- Collateral Addition Fee
- Collateral Release Fee
- Servicing Fee
- Legal Fees

The general terms described here provide a broad overview of the structure of this facility, however, our goal is to meet the borrowers needs, which means we will work with the borrower to structure a transaction that meets the needs of the borrower.